



# **Destination Management System Provider Manual**

## **Information Technology, Travel and Tourism in Bosnia and Herzegovina**

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This document was produced for review by the United States Agency for International Development. It was prepared by:

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## Abbreviations

BiH	Bosnia and Herzegovina
CCA	Cluster Competitiveness Activity
CVB	Convention and Visitors Bureau
DMO	Destination Management Organization
DMSP	Destination Management System Provider
EU	European Union or Europe
FIT	Free Independent Travelers
GDS	Global Distribution System
ICOMOS	International Council on Monuments and Sites
IT	Information Technology
LC	Low Cost
MOU	Memorandum of Understanding
PDA	Personal Digital Assistant
SME	Small and Medium Enterprises
SWOT	Strategic Planning Analysis “Strengths, Weaknesses, Opportunities, Threats”
TPA	Tourism Promotion Agency
UK	United Kingdom
UNEP	United National Environmental Programme
UNWTO	United Nations World Tourism Organization
US	United States of America
USAID	United States Agency for International Development
XML	Extensible Markup Language

## Executive Summary

On February 10, 2006 USAID issued a report, “Cultural Tourism in Bosnia & Herzegovina: Preliminary Findings” (Rosenbaum) This report recommended that USAID undertake technical assistance interventions and support in product development, capacity-building, adoption of new business models and technology standards for BiH entry into the international tourism community. The report stated that an approach to competitive clusters in the primary destinations will benefit from a framework that includes:

1. BiH positioning strategy informed by quality global market research
2. Tourism product development informed by global best practices and standards
3. A streamlined value chain
4. Investment promotion and development finance strategy

The first recommendation was undertaken immediately (Rosenbaum and Zweig) with findings published March 28, 2006. Items two and three have undergone extensive research, consultations, meetings, conferences and a limited number of demonstration interventions culminating now in this manual and an accompanying workplan for its implementation during the remainder of USAID-CCA's tenure in BiH. Item four in these February 2006 recommendations— Investment promotion and development finance strategy—is being implemented as a separate ambitious single site demonstration project at Pocitelj in Herzegovina (Mostar Regional Sites 4.4.2) for World Heritage Designation and in the attraction of appropriate partnerships for its sustainable management and regional tourism growth.

A Destination Management System Provider creates a framework and prospectus for sites, events, tourism businesses and from generating markets to deliver the BiH visitor experience with a much lower distribution cost, higher visitor satisfaction and hotel occupancy levels than currently exist using both current capabilities within the country and partnering with one or more EU-based companies to facilitate necessary web services.

DMSP is a platform for three interlocking objectives that are projected to be implemented by USAID-CCA during 2007-08:

- 1) The development of an Asset Auditing program to survey, document, and deploy through a relational database and web services the places to go, things to do, experiences, events, sights, sites and hospitality of BiH.
- 2) The engagement of an information technology partnership and business model to link tourism businesses, BiH activity assets, transportation and other providers with the European and worldwide travel and tourism distribution system; and
- 3) To enable a BiH Destination Management System to be organized, financed, and governed to facilitate web services, dynamic packaging, and related supporting activities.

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## 1.0 Introduction: Bosnia and Herzegovina DMSP

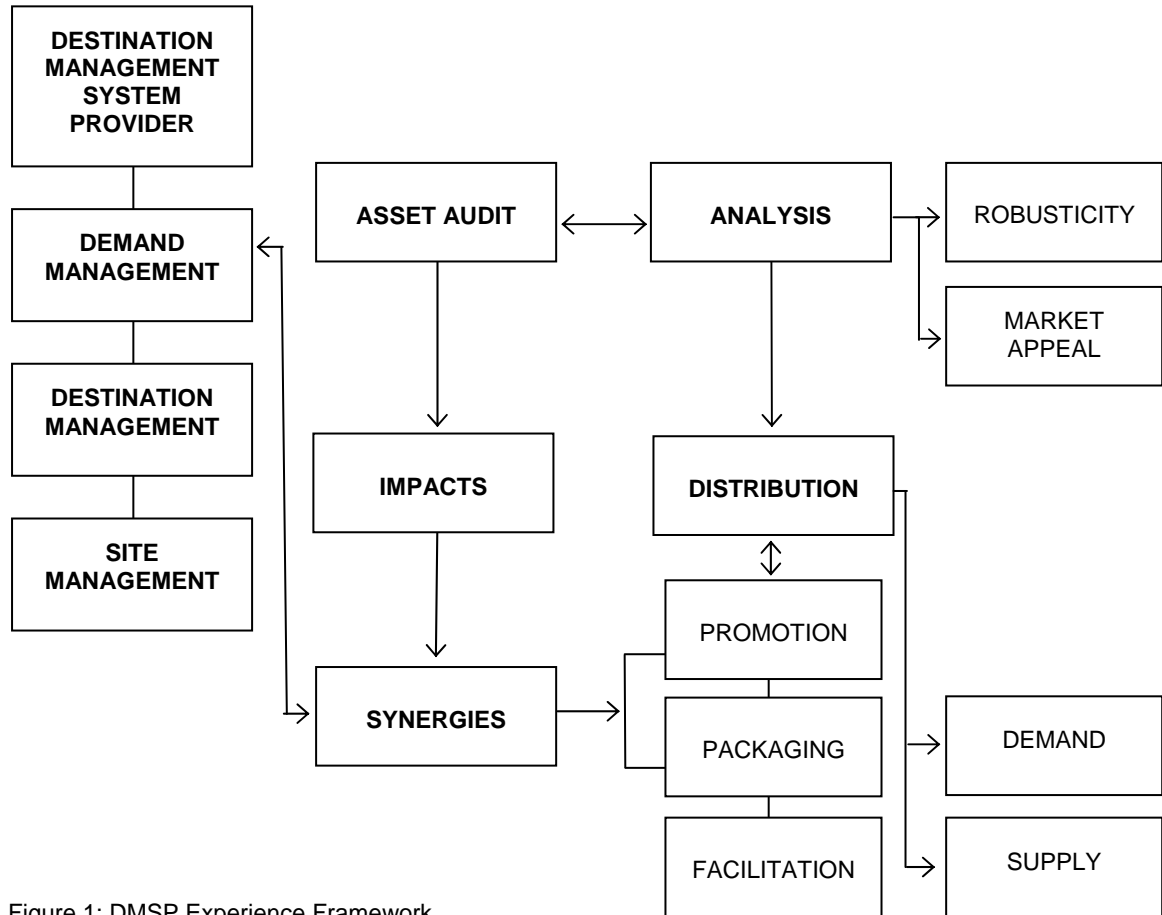


Figure 1: DMSP Experience Framework

Bosnia-Herzegovina tourism has an advantage over nearly all of its European neighbors because of its small size, cultural and landscape diversity and its excellent road network.

Because of its value offer, proximity to population centers, competitive cost base, four-season climate and hospitality traditions, BiH is positioned to leap-frog many emerging Mediterranean and Balkan destinations if it can engage DMSP for web services, business models, and collaborative innovation.

To address Site Management and Dynamic Packaging issues comprehensively, three interlocking issues must be addressed:

- Demand Management
- Site Management
- Destination Management with Reservations and Financial Settlement Systems

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### 1.10 Desired Outcomes

BiH DMSP is designed to achieve the following outcomes:

- Prioritize visitor-ready BiH sites.
- Identify gaps to improve Site Market Appeal and Robusticity.
- Create a platform for EU tour operators and travel agents to package BiH experiences.
- To help BiH agencies and donors target support.
- To help site managers identify and prioritize problems.
- To build capacity among site managers in understanding DMSP strategic planning.
- To introduce the concept of demand pricing in the BiH tourism marketplace.
- To build better synergies between activity, transportation and hospitality providers through web services and distribution strategies.
- To decrease distribution costs.
- To increase traffic, occupancy rates, revenues and yields.

### 1.20 Tourism and Hospitality

This manual is first focused on the survey and evaluation of Bosnia-Herzegovina sites, activities and related events. It does not specifically exclude hospitality businesses and transport companies, but does seek a comprehensive approach to emphasize places, activities, and events that embrace the range of cultural programs and activities and offerings in the outdoor recreational context that are typically associated with landscape, natural history and related subjects.

A seamless visitor experience is the objective. A trek that includes canoeing and camping may not be included in a cultural tourism package offer but an archaeological site on the trip may have been selected from the activity database to complete the visitor experience.

The criteria for evaluating the carrying capacity of a museum or a campsite differ, requiring some changes in the questionnaire and survey form even as the basic parameters of a data record remain the same. Both will be needed for a comprehensive database. Further, a hospitality reservation hosting service and lodging room inventory and distribution strategy will require a separate substantial effort that will be integrated into the Destination Management System.

### 1.30 Defining Cultural Tourism

“Cultural tourism forms an important component of international tourism in our world today. It represents movements of people motivated by cultural intents such as study tours, performing arts, festivals, cultural events, visits to sites and monuments, as well as travel for pilgrimages. Cultural tourism is also about immersion in and enjoyment of the lifestyle of the local people, the local area and what constitutes its identity and character.

—World Tourism Organization, 2004

Is culture a motivation for visitors to come to Bosnia-Herzegovina? Do they come for study tours, arts and music festivals, to visit monuments, museums and sites, on pilgrimage, to study nature, for historical, scientific, educational, genealogical purposes? Added to these motivational purposes are experiential or aspirational purposes: to be exposed to a different social fabric and language, cuisine, heritage and the special character of a region, landscape, village or city; a search for better understanding, to be educated and to be entertained.

Finally, the most common usage of cultural tourism is the operational definition: “Cultural tourism includes a visit to...” This inclusive definition involves the mechanics of tourism (transport, lodging, etc.), use of cultural heritage assets, consumption of experience and products, and the visitor.

Ultimately, transport, lodging, sites, events and other experiences should be integrated into a single database for use in packaging and other web services to the trade and consumers. This manual begins that process.

### 1.40 Objectives of Cultural Tourism

Unlike many other segments of the tourism industry, cultural tourism plays a dual role in BiH society: that of equal importance to its domestic health as a society and to its economic health from export trade. By protecting, interpreting, and making sites available to the Bosnian public, cultural heritage sites, events, landscapes, and experiences are essential to Bosnia patrimony, identity and direct evidence in the historical record. By packaging, promoting, and making sites available and compelling to international visitors, Bosnian patrimony is recognized and better-appreciated and direct foreign investment and spending increases.

The equilibrium between tourism development and cultural heritage management is maintained through sound public policy, trusting public-private collaboration, adequate investment, progressive capacity-building at the site level, appropriate packaging, marketing and sales strategies and channels, and a positive ratio between site/event *Robusticity* and *Market Appeal*. The approach outlined here leads to an Asset Audit (evaluation/scoring) method (McKercher and du Cros 2002) for these assessments.

### 1.50 Defining Outdoor Recreation

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Considering outdoor recreation for tourism, the definition includes just being outdoors—watching wildlife, looking at the view, picnicking, and touring by automobile; it also includes health or relaxation such as walking, jogging, horse riding, cycling. Outdoor recreational tourism also includes informal games and play such as kite flying, model aircraft, sledging, and tossing a ball at the seaside. There are also high adrenaline, non-competitive activities like swimming, canoeing and kayaking, caving, rock climbing, and mountain biking and commercially run activities that involve a guide or a professional. Also included is the study of the natural environment, educational activities and programs, conservation volunteering and camping.

### 1.60 Objectives of Outdoor Recreational Tourism

Like cultural tourism, outdoor recreational tourism serves a dual role in BiH society: that of equal importance to its domestic health as a society and to its economic health from export trade. But outdoor recreation feeds the body rather than the mind and is a principal public health strategy of a society.

The rest of the parallels with cultural tourism also holds true. Parks development and conservation management are maintained through sound public policy, trusting public-private collaboration, adequate investment, progressive capacity building at the site level, appropriate packaging and a good balance between carrying capacity and market appeal.

### 1.70 Robusticity and Market Appeal

In sum, cultural heritage and outdoor recreational sites may be fragile or impervious to tourism (Robusticity) while also highly desirable as visitor attractors or not at all interesting to visitors (Market Appeal).

Robusticity	HIGH	D1	C1	A1
		D2	C2	A2
	LOW	D3	C3	A3
		LOW	HIGH	
Market Appeal				

A = High Market Appeal and (A1) High to (A2) Moderate Robusticity

B = Low Robusticity but (B1) High to (B2) Moderate Market Appeal

C = Moderate Market Appeal and (C1) High to (C2) Moderate Robusticity

D = Low Market Appeal

Figure 2: Robusticity and Market Appeal (McKercher and du Cros 2002)

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### **1.80 Why is an Asset Audit Important?**

Tensions persist between protection and presentation regimes in government. Both natural and cultural assets have forceful and uncompromising advocates who resist tourism development just as tourism proponents tend to lack both training and sensitivity to the necessity of protection protocols. At 400–500,000 annual visitors to BiH, the problem may not be noticeable, even at peak loads, but at 1 million visitors, peak loads to popular sites may quadruple in number.

The opposite problem is more critical. Asset managers with few visitors may expect increased support from public sources and the tourism industry as visitation numbers rise. Yet with low market appeal, these assets may not be suitable for touristic purposes, or at least international interest. An Asset Audit provides a (somewhat more) objective method of rating sites and experiences for the purposes of packaging, placement, and promotion of destination products.

### **1.90 Asset Audit Situational Analysis**

The Bosnia-Herzegovina DMSP Situational Analysis has five stages.

1) STAGE ONE is an Asset Audit useful to both site managers and public agencies providing support to those sites and their associated routes and destinations. The most common form of Situational Analysis is SWOT and Gap Analysis that provides an overview of Strengths, Weaknesses, Opportunities and Threats and discusses how gaps may be closed to turn weaknesses into strengths and threats into opportunities. To undertake an Asset Audit and SWOT Analysis requires the completion of surveys and interviews, making observations, and drawing conclusions from the collected data. The entire process may require less than an hour for each small site and more than four hours for a large and complex site.

2) STAGE TWO is the entry of some of these findings into a data record using a simple database program that may be accessed for directories, guides, web and applications.

3) STAGE THREE is completion of an evaluation form that may be useful for public funding, tour route development, interpretive scripts, and for other promotional purposes.

4) STAGE FOUR is scoring data records for use in dynamic packaging on the web, providing qualitative measures for tour operators, travel agents, FIT, travel writers and others to design itineraries, trip circuits, affinity tours, city breaks, etc.

5) STAGE FIVE is a self-analysis and updating process by site managers built into the database program so that information is kept up-to-date and accurate.

## **2.0 Distribution Management**

There are several kinds of distribution issues introduced here relating to sites:

### **2.0.1 Demand**

- What marketing channels are reaching what customer demographics?
- Where are the generating markets?
- When are visitors coming? What are the seasonal variations?
- What are the leading influencers on visitor demand?
- What is the length of stay by month? By accommodation?
- How are the attributes of the site communicated to visitors?

### **2.0.2 Supply**

- What corridors or circuits are visitors following?
- What are the experiential themes and components in the BiH offer?
- Where are the most popular gateways into BiH?
- What are the most popular activity groupings?
- Are tourism services severely reduced during quiet periods?
- Is infrastructure and signage adequate to the level of current visitation?

## **2.10 Demand Management: Marketing Channels and Customer Profiles**

Of the 80,000 tour operators and travel agent members represented by ECTAA,<sup>1</sup> how many may be equipped and interested in selling a European holiday offer? Within that subset, how many direct their focus on offers by price point, amenities, length of stay, activity mix and demographic appropriate to BiH targets. Finally, where do the targets live? Are the messages in Swedish, Hungarian, and Czech? Will those languages be accommodated on the ground? For group travel, where are the gateway airports?

## **2.20 Destination Management: Load Balancing and Visitor Circulation**

While congestion management may be a serious problem in Bascarsija in August, the primary BiH tourism concern at present is to increase arrivals, lengths-of-stay,

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<sup>1</sup> Organization of National Travel Agents' and Tour Operators' Associations within the EU.

and on-the-ground expenditures. This means finding more things to do, more places to do them, more choices, and less time in transit between consuming places, particularly at non-peak travel periods. A current visitor to Mostar of two hours may not spend much more than a visitor spending six hours, but a visitor using the same six hours visiting Mostar, Pocitelj and Stolac will likely spend much more on curios, food and drink and is a better candidate for an overnight stay somewhere along the circuit.

Keeping the tourist busy and moving helps to manage congestion so that busy sites can move visitors through more quickly; so that less visited sites may get their share of regional business; so that visitors see more; and so that more money is spent.

To encourage movement of FIT and groups, the development of plot lines is enormously helpful. Because unescorted tourists ramble about without following any particular sequence, and because sites, events and vistas do not follow either a storyline or chronology, routes (either circuits or corridors) and themes are best regional in scope, maintain a strong branding presence, and provide (by web, guidebook, brochure, guide script, museum exhibit) some points for regional orientation). Effective routes tend to have 2–6 four-hour segments, consuming one-half to three full days.

For hiking, kayaking, camping, and other escorted outdoor treks, these prearranged trip circuits and corridors are typically low impact and well-developed by professionals. For trails development, load balancing and visitor circulation are important within a park or protected area but are not within the focus of this destination management system.

### **2.30 Site Management: Sustainability Principles**

Distributions, Supply and Demand are factors *external* to a site or experience. The internal factors discussed here are Environmental, Economic and Community Impacts (Presbury and Edwards, 2004) mitigated under *Site Management Sustainability Principles*.

#### **2.3.1. Environmental Impacts**

Assets need to be managed: The built environment or the property itself; the plant and equipment in the environment; the material handled, processed or consumed.

##### **Product**

- Design and operation of safety features
- Minimization of emissions
- Air pollution, noise, dust, collection and handling or waste.
- Water quality
- Impacts on flora and fauna

##### **Plant**

- Site selection for output of goods and services
- Processes chosen for that output

##### **Process**

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- Systems and procedures, staff skill mix, logistics, flexibility, speed, safety.

#### **People**

- Operations manager training and performance; staffing levels and performance.

#### **Programs**

- Schedules and plans under which operations occur.

The findings in an Asset Audit may include where development and assets are located, adaptation to natural conditions, building design, waste management treatment, recycling and pattern of resource consumption, harmful (CO<sub>2</sub>, CFC) emissions, noise, smoke, smells, waste energy, waste food and garbage generation, soil erosion and contamination, land clearance, fragile locations, overuse of resources, misuse of resources.

### **2.3.2. Economic Impacts**

The principles of economic development from tourism are well known yet continue to be difficult to implement and monitor. Impacts generally fall into four areas of concern and opportunity:

#### **Capital**

Infusion of capital into new and existing businesses, and particularly start-up tourism SMEs that employ a higher-than-usual proportion of youth, minorities and women can create much higher multiples than other kinds of investments.

#### **Profits**

A greater number of locally owned small businesses with a greater distribution of profits tend to retain more money in local economies, avoiding “leakage.”

#### **Taxes**

Consumption and lodging tax policies can help fund tourism sites and facilities if receipts are earmarked relating to source.

#### **Wages**

Tourism creates many jobs although the industry is renowned for its “high turnover, anti-social working hours, low pay, seasonal employment, instability, and low job status (UNEP). On balance, tourism jobs are often the first job a young person may have providing the necessary skills training and discipline for entry into the workforce.

#### **Purchases**

The key indicator is import substitution, creating incentives for tourism businesses and sites to source suppliers and materials locally whenever possible.

### 2.3.3. Community Impacts

Like non-native plants in a tropical forest, social impacts from tourism are not always apparent or easy to assess. Warm weather climates invite palm trees and swimming pools, tall cool drinks and skimpy bikinis in places where palm trees are not indigenous, swimming for recreation is unknown, while alcohol and female immodesty are taboo.

- The presentation of sacred sites and objects for tourism consumption may be offensive to local residents.
- Poor residents may be exploited to meet visitor stereotypes.
- Other residents may sell artifacts illegally to visitors.
- Gambling, late night discos, beach nudity, prostitution, drunkenness may undermine traditional local cultures.
- Foot traffic and road congestion at sites and at gateways can disrupt local commerce, peace and quiet.
- The presence of comparatively wealthy tourists close to poor communities may foster criminal behavior, resulting in auto theft, pickpockets, burglary and street muggings.

## 2.4 Public Participation

A leading problem in site survey protocols is the variable of public participation in planning. The first issue is defining the stakeholder community. In Sarajevo, it may be the resident who lives on a street where a supper club opens. The zoning may permit a restaurant and bar, but music is added later without permission, causing late night noise problems. In the countryside, the issue may be environmental degradation, traffic congestion, unwarranted changes to the master plan or political corruption.

Typically, professionals following regulations provide the buffer between tourism development and community stakeholders, tourism development and elected officials. The importance of the DMSP Site Survey program is to provide adequate tools for public sector professionals to evaluate public benefits and costs when addressing tourism development issues.

### 3.0 Site Management: Following the Value Chain

If site management is the end point of a long list of stakeholders and service providers in providing a competitive visitor experience, we must consider each link going back to the consumer's first intersection with a tourism marketing organization and following it through the entire value chain.

Management	Visitor Experience	Stakeholders
<b>Demand Management</b>	Decision to travel	Tourism marketing organization
	Choice of BiH	Tourism web site
	Timing and reason	Outbound tour operator
	Channel selection	Inbound tour operator
	Group or FIT	Travel agent
	Choice of transport	Travel media
	Choice of accommodation	Travel media or web
	Budget	Web services
	Long haul journey	International transport ops
<b>Destination Management</b>	Arrival at destination	Local authorities
	Transfer to local transport	Infrastructure providers
	Local accommodation	Inbound tour operator
	Local orientation	Local transport
	Local service providers	Local service providers
		Local community
	Journey to site	Local transportation operator
		Inbound tour operator
		Tour guide
<b>Site Management</b>	Site arrival and entry	Site manager
	Reception and orientation	Site planner
	Site visit	Entry and orientation staff
	Facilities and retailing	Security staff
		Hospitality staff
		Tour guides
		Retail and catering staff
	Departure	Inbound tour operator
	Journey to another site	Local transportation operator
	Journey back to destination	Tour guides
	Journey to another destination	

Figure 3: Adapted from *Tourism Congestion Management at Natural and Cultural Sites*, UNWTO.

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### 3.10 Synergies

The critical variables in BiH DMSP are the synergies among Demand, Destination, and Site Management strategies relating to *Promotion, Dynamic Packaging, and Facilitation*. The trend is the movement of national promotional strategies to only address brand awareness, leaving all the rest of the value chain at the destination level or below to the site level.

### 3.20 Promotion Strategy

A specific inbound tour operator's promotional strategy—unlike a country's identity branding strategy—can target segments of potential visitors aimed at creating awareness and motivating interest in specific tourism products, motivating interest in sustainable products via the Web, product brochures, tour operators and travel agents.

However, as DMOs typically do not influence more than an estimated 10 percent of prospective market, private sector tourism firms have a significant role to play in influencing tourist demand for more specific products and destinations, hence the importance of private and public sector partnerships.

### 3.30 Dynamic Packaging Strategy

The concept of dynamic packaging is based on an individual consumer, travel agent or tour operator request, including the ability to combine multiple travel components such as flights, hotels, car rentals, and any other tourism related component in real time to provide a single, fully priced package, requiring only one payment from the consumer and hiding the pricing of individual components. The products available to the customer may be stored in local inventories or in external heterogeneous data sources.

Dynamic packaging is responsive to the increasing spectrum of travel alternatives as web-enabled tour operators and travel agents now assemble customized tourism itineraries or packages to fulfill the individual needs of travelers in a fast growing market. Its equivalent in manufacturing is called “mass customization.”

With the growth of demand for customized tourism itineraries, travel agents, tour operators, and other intermediaries employ new technologies that provide their personnel and clients the flexibility to pull together unique packages from a range of alternatives, without having to be aware of the intricacy of contract rules and pricing issues.

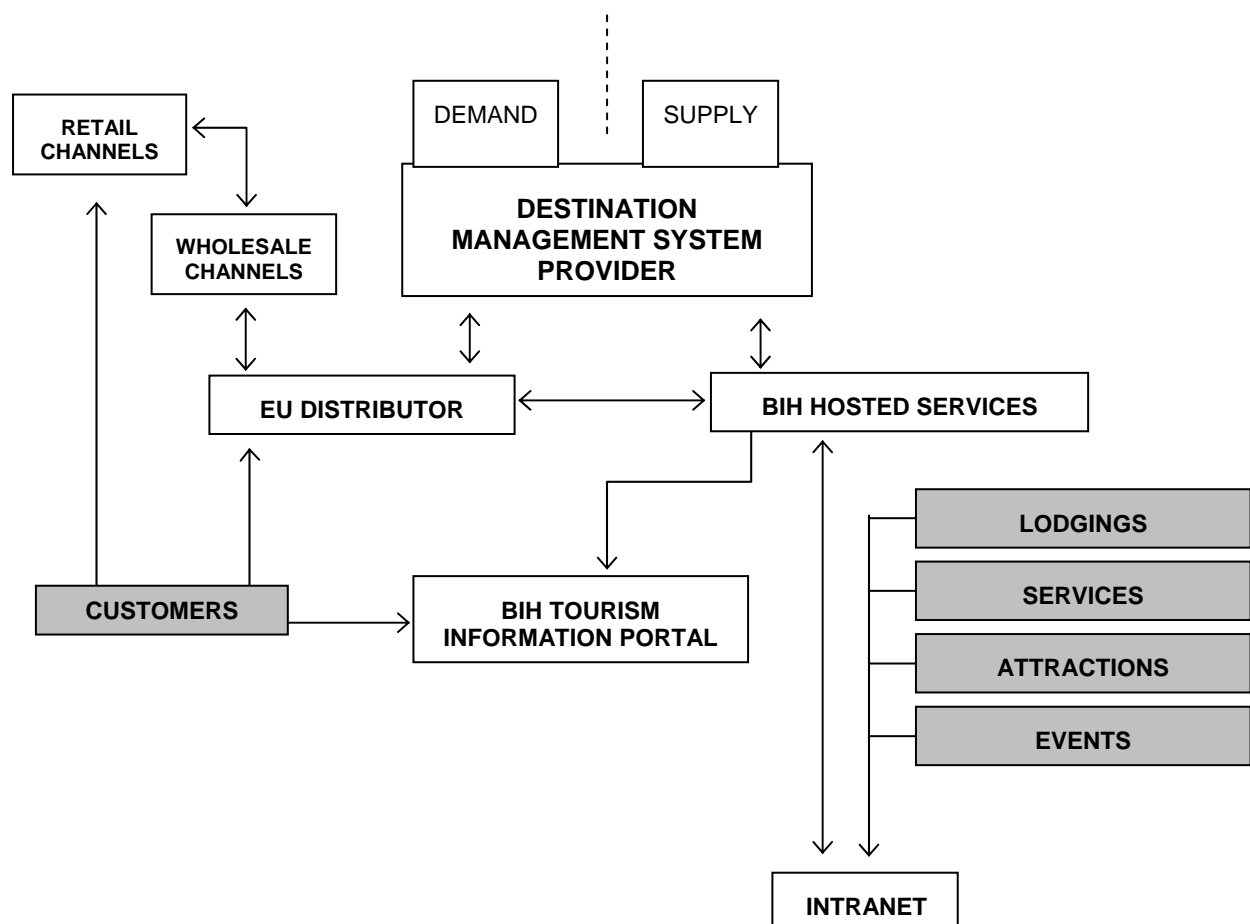
### 3.40 Facilitation Strategy

This strategy is aimed at creating marketing collaboration bridges between DMOs and individual travel and tourism firms and visitor sites and between the umbrella campaigns organized by the DMOs and industry marketing expenditure. Such a strategy requires extensive cooperation and joint decision making with private sector partners and individual sites regarding the allotment of adequate budgets for competing market priorities.



A DMO's facilitation strategy can include market research, gathering and disseminating relevant data related to market intelligence, strategic planning, and sustainability issues for travel and tourism firms. To undertake these functions, DMOs need to

- collaborate with travel and tourism industry operators
- use market research data to develop more profitable and sustainable tourism products
- identify potential tourist market segments whose needs and wants are most compatible with the destinations products and sustainable development principles.
- provide customer service options at the destination level with linkages to the site and individual firm level.
- facilitate business-to-business Internet services, travel workshops, joint campaigns, trade shows exhibits, journalists visit, familiarization trips, reservation systems, representation abroad, tourist information services, support for new products, destination management systems including payment systems, couponing programs, themed routes, etc.



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Figure 4: DMSP Value Chain

#### 4.0 Introduction to the Asset Audit Process

Selection of public assets suitable for intervention, presentation, packaging, and capacity building is typically random, arbitrary or political. Even when a methodology is applied there are obstacles in creating a coherent program that integrates public assets with road networks, tourism facilities, hospitality businesses, seasonal and carrying capacity considerations. While the rigor of the approach outlined may vary considerably in practice, it is essential that tourism planners consider the dynamics of an evaluation/scoring method such as the one offered here.

#### 4.10 Evaluating Robusticity and Market Appeal

As stated, sites may be fragile or impervious to tourism (Robusticity) while also highly desirable as visitor attractors or not at all interesting to visitors (Market Appeal).

Robusticity	HIGH	D1	C1	A1
		D2	C2	A2
	LOW	D3	C3	A3
		LOW	HIGH	
Market Appeal				

A = High Market Appeal and (A1) High to (A2) Moderate Robusticity

B = Low Robusticity but (B1) High to (B2) Moderate Market Appeal

C = Moderate Market Appeal and (C1) High to (C2) Moderate Robusticity

D = Low Market Appeal (D1, D2, D3)

In order to make a determination where a site should be placed in the grid, an evaluator may make a simple judgment based on observations or a comprehensive assessment using a survey instrument, interview and inspection checklists. A site's position on the grid or a cluster of sites along a route or at a destination will help to

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determine both the robusticity and *carrying capacity* of the site-route-destination and its market appeal.

#### 4.20 Demand Imperatives

The need for an evaluative system may not be apparent in 2006 but will be all too clear by 2010 or 2020. Consider these projections:

Of the 637 million international tourist arrivals in 1998, one in three (over 197 million) visited the Mediterranean region. By 2020, Mediterranean arrivals will reach 346 million, the world's largest tourist receiving region.

The top three Mediterranean destinations in 2020 will be France, Spain and Italy. Among the strongest rates of growth in the region will be the new countries of the former Yugoslavia, including Croatia, Bosnia and Herzegovina, Montenegro and Albania.

—*Tourism 2020 Vision Vol. 4 Europe*  
United Nations World Tourism Organization

The percentage of population in Europe 65 and over will move from 15% in 2000 to 25% in 2015, and increased travel by the silver segment will keep Europe as the number one exporting region in the world, delivering some 730 million travelers by 2020. Silver consumers are brand wise, travel more and desire new experiences both in terms of culture and event based tourism.

Inter-regional European travel will show massive growth, with 791 million annual arrivals by 2010 (in addition to 216 million long-haul arrivals).

UNWTO projected annual rate of growth of BiH international arrivals 2000–2010 is 7.5 percent and 2010–2020 is 6.0 percent. At these rates visitation would roughly double by 2014 and triple by 2020; and because growth is uneven, the most popular sites may experience exponential growth.

#### 4.30 BiH Destination Selection

Defining the scope and component parts of a destination is a function of the organization of the DMO, product development, branding and marketing considerations. In general, USAID-CCA has defined BiH destinations as Sarajevo, Herzegovina, and Krijana. As a practical matter, all of BiH may be considered one destination, particularly if there is only one international gateway airport. Alternatively, destinations may be defined by trip circuit or cluster, region or theme that may separate a cultural touring experience in Krijana using Sarajevo as its gateway as a different destination from an outdoor adventure experience in Krijana with Zagreb as the gateway.

Selecting BiH destinations should be a “bottom-up” exercise, based on a competent inventory of sites through the survey process; the grouping of these sites; route

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theming and development, and, only then, designation of gateways, DMO organizations, destination managers, and the stream of activities that emerge from web services and the further development of a web portal for the country.

#### **4.40 Organization and Selection of Sites for the Site Survey**

The organization of site selection for surveys may be best considered geographically with transportation as the organizing principal. While it is possible, once a database is constructed, to map, for instance, “all boat rental places in BiH,” or “all historical museums,” these kinds of groupings are not useful in planning visitor experiences, packages, tour routes, and the operational challenges of supporting international arrivals. All BiH sites must be approached on foot, by automobile or motor coach dictating transportation as the best framework for grouping and conducting site surveys.

- 1) Prospects for the development of existing and future tourist flows by automobile and motor coach at domestic and international levels.
- 2) Coordination of development policies by the organizations concerned.
- 3) Integration of tourist corridor and circuit transits at border crossings, automobile rental locations, and from population centers.
- 4) Thematic clustering for efficient tour operations by motor coach.
- 5) Thematic clustering for efficient FIT packaging.
- 6) Seasonality of tourist traffic flows.

Some knowledge of current and future tourism flows by points of entry is essential, based on long-term transportation plans. Given the relatively small size of BiH and the knowable clusters of sites, attractions and visitor services, the combined knowledge of surface transportation plans and projected tourism requirements should not be difficult to determine.

Guidance on heritage route identification may be useful. Consult the “ICOMOS Report on the Expert Meeting on Routes as a Part of our Cultural Heritage” (Madrid, Spain, November 1994) at [http://www.icomos-ciic.org/INDEX\\_ingl.htm](http://www.icomos-ciic.org/INDEX_ingl.htm).

As stated the Asset Audit may be cursory or thorough. The process carried forward includes:

- Interview
- Site Inspection
- Site Evaluation and Report
- Site Data Input Form
- Grouping Sites for the Site Survey
- Route Theming and Development
- Linking Sites to Transportation and Hospitality Providers

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## 5.0 Events

Sites and events may be considered interchangeably if taken from the visitor experience perspective. A site may exist in a limitless time span, but only within an hour of a visitor's experience. In that way, a visit to a site is an "event" in the day of the life of a visitor. The opposite is also true. An event is a "site" even if it exists only for a day since the visitor may experience it no longer or shorter than visiting a site.

From a management perspective, events and sites do differ. The following diagram delineates Residents, Places, and Visitors and their interactions in cultural tourism.

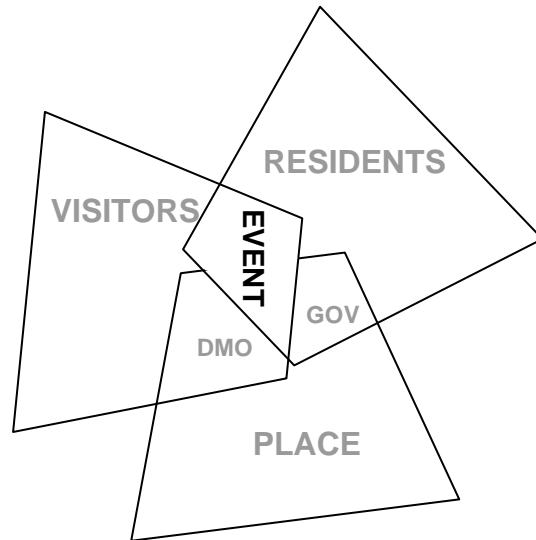


Figure 5: Overlapping Jurisdictions in Event Planning

## 5.1 Local Event Planning

The best events for international visitors are those that are local celebrations that include or permit a few visitors among the residents. A candlelit processional and special meal on All Saints' Eve in a Croat village may be more memorable to an international visitor than something elaborate that is staged with great trouble and expense.

The important issues in local event planning are to limit the number of visitors; to coordinate between the DMO, public officials, and any visitor sites involved so that the visitors to the event do not intrude on the residents.

## 6.0 Information Technology and The BiH Tourism Industry

First, it is appropriate to review the supply side of the BiH tourism industry. Most of its companies are medium, small or micro-sized, with 99% of them staffed with fewer than 10 persons. Virtually none have services that can be purchased online and are currently excluded from e-business transactions.

Over the past five years a number of visionaries in the UK, Europe and US have charted a course for emerging tourism markets that are just now coming online with effective and competitive web services to deliver unique destinations competitively to travelers demanding a greater range of choices, new experiences, and more convenient options for destinations off-the-beaten track.<sup>2</sup>

### 6.10 Supply Side

At the principal destinations of Sarajevo and Mostar, providers actively compete with one another. Cooperation may occur when attempting to reach distant markets and build business volumes to the destination but it is now organized haphazardly without a unifying strategy, effective leadership or accountability.

Providers either look directly to customers who “walk in the door” or to expensive intermediaries in a distribution chain that is typically distant and expensive. They are required to distribute their perishable, time-specific inventory via multiple channels and “brands,” managed by intermediaries using a different platforms, channels, and languages.

Adoption of broadband Internet is slow with most providers having only dial-up connections for Internet and fax. Providers have neither the financial resources nor the time to manage multiple software systems. Providers want control over their own inventory management, sales and content. Because of fragmentation the industry is glutted with legacy applications that would be costly, if not impossible to dismantle and replace.

The sector operates on thin margins. Reducing distribution costs, which can exceed 25% of turnover, provides the best opportunity to improve the bottom line and highlights the importance and advantages of selling directly to the end user, streamlining distribution, leveraging payment systems, more products and managing inventory for maximum yield.

### 6.20 Demand Side

At the threshold, the BiH travel industry must know not only why visitors come to Bosnia and Herzegovina but also why they do not come. Based on the demand survey conducted March 2006 (Rosenbaum and Zweig) the strongest generating cross-border markets for BiH were the Balkans, Eastern and Central Europe while the rest of Europe and the world voiced fear of danger, lack of knowledge and/or general negative views of BiH as a tourism destination.

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<sup>2</sup> See various online resources from Desticorp, Inc. Eye for Travel, Bowstreet Software, PhoCus Wright, Anite Travel Systems, WTTC/IT eCommerce Task Force Accenture Report, “Customer-Centric Challenge,” The Solutionz Group, others.

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Within the context of IT applications, there is an increasing need to address a traveler's complete trip needs as a means of demonstrating value and to instill meaning into a visitor experience, whether the motivation to travel is recreation and scenic touring, romance and leisure, education and culture, homecoming and pilgrimage or some combination. Increasingly DMOs, tour operators, and other intermediaries sell a variety of destination services (events, attractions, tour tickets, guidebooks, insurance, weather information, and news in order to satisfy their information-hungry prospects. Brand loyalty is built on managing and delivering on the total experience, not just one piece of it.

There is also an increasing demand for a broader, richer range of web-based functionality that supports consumers in their trip planning and purchasing tasks, compelling graphics and video, couponing, value packaging, and special offers.

Finally, and perhaps most importantly, there is a need for content and inventories to be visible and accessible in as many places, channels and formats as possible by web portal, specialized agencies, mass-market travel agents, tour operators, cell phone, PDA, and, in the future, on a hotel room television set.

The hub for these interactions to take place is the DMO linked to a server that supplies these channels and a wide network of tour operators and travel agents that offer both group and FIT packages and dynamic packaging services.

Threshold Issues for a DMO Web Portal may include:

- Pictorial and narrative components
- Graphic design components
- Destination management governance activities
- Database maintenance and incentives
- Web hosting and portal promotion
- Payment systems
- Reservations access
- Integration of events calendar
- Integration with lodging and airlift database(s)
- Integration with dynamic packaging tools

## 7.0 What is a Destination Management System Provider (DMSP)?

Destination Management Organizations (DMO) have been interchangeable in the past with Tourism Promotion Agencies (TPA) and Convention and Visitor Bureaus (CVB) with some differences in focus and scale (business or leisure; urban or countryside; local, provincial or national) and, typically, having some form of cooperative funding that includes membership fees, lodging, amusement, car rental, and restaurant taxes. The services offered have traditionally centered on both destination marketing and cooperative advertising, but have also included market research, call center services, convention sales, and professional development.

A Destination Management System Provider (DMSP) is a different type of organization and service although some services may overlap those of the evolving structure and mission of the DMO.

*The core competency of a DMSP is the development, deployment and maintenance of a relational database and its interaction in both wholesale and retail markets both up and down the value chain.*

The critical management tool for the future of BiH inbound international tourism will be the *effective and efficient distribution of information along the value chain, including marketing, destination information, trip planning, inventory management and yield pricing, dynamic packaging, visitor travel facilitation, reservations and ticketing, financial settlement for commissions and credit card payment processing in a distribution environment that includes both wholesale and retail web portals and with call center support.*

### 7.10 How is a DMSP Organized?

The principal organizational role for the DMSP is to assemble tourism industry supplier information for a relational database that is hosted and managed by an IT services company within BiH and fed to a web portal and a partner European-focused distribution company that will reach the greatest number of travel agents, tour operators, and web retailers.

### 7.20 Services Offered

The services offered by the DMSP are determined by its members and reflect the collaborative nature of producing BiH tourism products and visitor experiences. In general these services may be broadly categorized as being supported by coordinated Attractions/Events, Hospitality, Facilitation, and Financial Settlement systems.



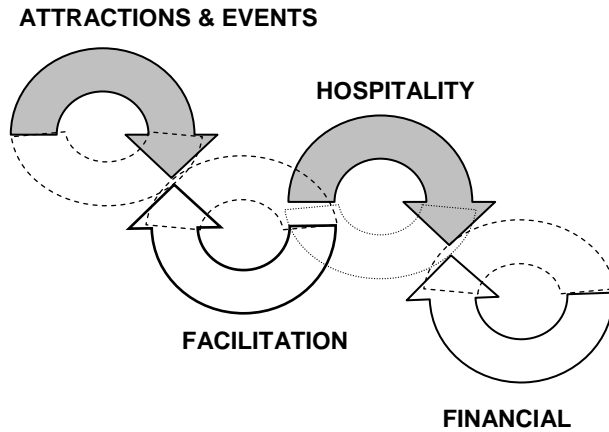


Figure 7: DMSP Functions

### Old DMO Model

Resource-centric  
 Standardized  
 Select Destination  
 Limited Choices  
 Review Holiday Packages  
 Marry Avails to Budget  
 Book with Agent at Storefront  
 Limited FIT  
 Major Air Carriers  
 “Back End” Settlement  
 Commissionable  
 2-step Distribution  
 Static Information  
 Large Escorted Tours  
 Few Distribution Channels

### New DMSP Model

Visitor-centric  
 Customized  
 Select Experience  
 Expanded Choices  
 Create Holiday Package  
 Craft Avails to Budget  
 Book Online  
 Unlimited FIT  
 LC Airlines  
 “Front End” Settlement  
 Commissionable  
 1-step Distribution  
 Dynamic Information  
 FIT and Small Groups  
 Many Distribution Channels

### **7.2.1 Destination Marketing**

The coordination of trade congress representation, destination brand management, fam tours, media relations, publicity efforts and public awareness programs is best organized at the destination level. The DMSP will coordinate its activities with relevant DMO(s) for these activities and the following:

### **7.2.2 Asset Audit and Site Consultation**

In an ideal world there is a balance among generating markets, destination assets and carrying capacities by season and price point, transport options, workforce requirements and competitive advantages with similar attractions, sites and routes. An Asset Audit is the first step in a systematic effort to optimize and coordinate a destination's assets to meet customer demand by surveying capacity, rating visitor appeal, recording attraction characteristics, and maintaining up-to-date information on changes, events and activities.

### **7.2.3 Information Management**

The key competency of the DMSP will be its ability to collect and manage current and accurate information of three kinds: 1) Standing information on hospitality, services, events and attractions; 2) evaluations and assessments relating to market appeal and capacity; 3) variable information relating to availability and pricing. Managing the information and the linkages between supply and demand will be the day-to-day work of the DMSP.

### **7.2.4 Reservations Support and Linkages**

For hotels, hostels, campsites, expeditions, and transport, inventory management through electronic reservations systems is critical to profitability. In recent years most systems now conform with XML interoperability, meaning that no matter what system is used, from simple Excel spreadsheet to sophisticated reservations software, virtually any online query system can work with any booking engine. Critical to the success of the DMSP will be its ability through Information Management to provide accurate description information and photographs, to offer exciting visitor experiences, and to facilitate financial settlement and payment processing along with booking services.

### **7.2.5 Distribution Management and Linkages**

Web services, tour operators and travel agents (mostly) in Europe must rely on the local BiH reservations systems to book FIT and group visitors. While air transport is not a problem, rail and bus reservation systems are not consistently online and very few BiH lodgings are currently online for interactive bookings and dynamic, commissionable pricing and payment processing. This means that BiH holiday travel is generally not supported by the professional tourism industry in Europe. To change this circumstance systemization of the distribution of BiH tourism products is necessary.

The potential competitive advantages of BiH tourism products are price, positioning, and its distinctive qualities. To realize these advantages, the BiH offer must reach a wide swath of the European holiday-seeking public, which remains reliant on branded resources (agents, operators and their web portals) for information, advice, deals, itineraries and packages. While one of these channels will be BiH's own portal, there are literally hundreds, if not thousands of others that must be incorporated into an effective distribution network.

There exists several choices to link and aggregate distribution channels for the BiH product, providing different business models, reach, niche markets and unique benefits. Evaluation of these complementing and competing BiH partners will be a critical early decision for the DMSP.

### **7.2.6 Partnership Facilitation**

There exist in BiH today multiple layers of tourism promotion agencies and tourism trade associations relating to sectors (e.g. hotels and restaurants; outdoor preferred partners) and geography (e.g. Tourism Association of Republika sprska; Tourism Association of the Federation of BiH). To the rest of the world, they must cooperate and they must coordinate their offers to create seamless visitor experiences.

Partnership Facilitation by the DMSP may include regular communications, the advancement of MOUs and other cooperation mechanisms, training, co-branding and other collaborative efforts.

### **7.2.7 Financial Settlement**

Payments to a broker, web services provider, agent or facilitator of a commission on the sale of a tourism component is a critical component of the BiH DMSP strategy. Capturing and crediting the increment at the threshold of the transaction (rather than at the back end of a trip) provides an important competitive advantage that should be exploited. As one vendor explains the dynamic:

[This is] a unique opportunity for suppliers of all sizes to sell their products on a pre-paid basis through travel agents worldwide, and to receive payment, often in advance of providing the product, in their own currency. It removes the need for suppliers to negotiate individual commercial agreements with individual travel agents, and removes the tracking and administration of commission payments to agents in multiple currencies.

### **7.2.8 Payment Processing**

Over the past two years there has been a substantial increase in the adoption of credit card acceptance at BiH hotel and restaurants although many remain cash-only establishments. At the same time there has not been concerted efforts to consolidate tourism businesses for payment processing to earn attractive merchant rates and favorable terms. The DMSP may provide the

critical mass of tourism businesses to negotiate the best possible terms for payment processing for its members.

### **7.2.9 Event Calendaring**

A key service of a DMSP is a master calendar of events. From a supply perspective, event calendaring is used both as a coordinating tool to help stage and distribute events for the greatest impact on arrivals and rooming capacities and to avoid scheduling conflicts. As a demand tool, event calendaring permits packagers, agents, FITs, and tour operators to include events at the most local level into their offers, giving a more custom, authentic and distinctive quality to itineraries.

### **7.30 Future Services**

The foregoing list of services is provided in priority order of importance and sequencing for implementation, although the package of services becomes critical to attract membership and to negotiate distribution relationships. In addition to these services, there are three additional areas where significant functionality may be realized.

### **7.31 Ticketing**

A useful component to Event Calendaring is electronic ticketing, providing additional commissionable revenue to agents and added value to customers. General admission ticketing by voucher is not a problem as part of a regular service, while reserved-seat, time-sensitive, limited-capacity ticketing requires the same type of reservation system as a hotel booking engine (There are also tee-time reservations for golf and restaurant reservation systems available, although not applicable here).

### **7.32 Call Center Services**

In a multi-lingual environment such as Europe, central Call Center Services tend to be expensive at the retail level. That is one reason why there will be continuing strength in the European agent, distribution and web services network. But a Call Center with sales agents to service wholesale accounts will become useful, then necessary, as a network of professional intermediaries from generating markets seek clarifying information and customer relations management in transacting business. While some level of effort will be required of the DMSP from the beginning, outbound calling into generating markets as sales promotion will become productive as a customer base is established and is growing.

### **7.33 Market Research**

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There are significant gaps in BiH tourism data collection that must be addressed by public agencies to impact routine market research efforts relating to arrivals, expenditures, and other supply-related data. But there will always need to be industry-related demand data and analysis from generating markets that tests new products, evaluates itineraries and packages, price points, transportation routes, niche markets and other specific trade issues.

#### **7.40 DMSP Stature and Configurations**

What form should the DMSP take and how should it be organized and governed? In essence, there are three variables to consider: 1) The nature of the public-private relationship; 2) Business model; 3) The extent of subsidy and five year business plan.

1) Most European travel boards and commissions are organized to provide public-private collaborative projects, particularly in the area of marketing and sales promotion. While the exact nature of a public-private relationship may take different forms, it is highly desirable to engage the Tourism Association of Bosnia and Herzegovina, that is, an NGO representing both the BiH Federation and the Republic of Sprska and the tourism business community in this effort.

2) There are three components to consider: a) How the DMSP itself is supported; b) How the BiH IT hosting and Intranet functions are supported; and, c) How the European distribution partner is supported. The funding sources are typically membership fees, transaction fees and subsidies.

3) There is an assumption here that in the start-up period of two years that substantial subsidy will be needed and that by the fifth year the DMSP can be wholly self-supporting.

#### **7.50 Destination Parameters**

In two Bosnia USAID-CCA studies completed in 2006, recommendations were made for product development, marketing, and destination management focusing tactical attention and cluster development on the regions of Sarajevo, Krajina, and Herzegovina rather than the negative associations of war relating to "Bosnia." (Saffrey, 2006; Rosenbaum, 2006). The question relates more to presentation than organization: In the organization of information, do "Sarajevo," "Krajina," and "Herzegovina" as three discreet destinations tell a better story than "Bosnia" or "Bosnia and Herzegovina" even if all three exist under the new "Bosnia and Herzegovina" brand?

While the decision should be based on market intelligence from generating regions, one approach does not exclude another. The dynamics of the database and how

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fields are organized should not have any impact on the branding and presentations of website graphics and the strategy of regional groupings or a countrywide deployment of a countryside portal.

## **8.0 Why is a DMS Provider Needed in BiH?**

BiH tourism products are currently almost completely disaggregated. That is, each organizing tour operator, receptive operator, travel agent, hotel, motor coach company and other travel or tourism company supplying a BiH tourism product or selling a BiH product must assemble the trip components either for a single FIT customer or for a single group offer. There is little or no systematic effort at yield management (adjusting price to seasonal and other demand variables), volume discounts, dynamic packaging, tour routing and itinerary building. Each company must make their own relationships with wholesalers and intermediaries with a less-than-favorable branded image of post-conflict Bosnia, even as hostilities ended more than a decade ago.

A DMS Provider can begin to regularize outreach in Europe to bring BiH travel components together in a form that makes activities and reservations, pricing, commissions, scheduling information, financial settlement and payment processing easy to find, assemble and package for profitable sale and fulfillment.

### **8.10 SME Profiles**

Most BiH travel and tourism businesses employ fewer than 50 and a vast majority employ a staff of fewer than 10. This BiH business travel and tourism profile requires inexpensive, relatively low-tech, easy-to-manage technical infrastructure for reservations and payment processing but also demands competitive pricing of services and delivery of quality services.

Given the relatively small number of individual travel and tourism businesses in BiH and the relatively small number of legacy systems already in place, there is a particularly good opportunity to regularize infrastructure and procedures to streamline the business environment that will increase occupancy, improve yields, reduce distribution costs and increase customer value across the entire BiH tourism industry. With approximately 400,000 international arrivals in 2005, BiH has a manageable volume of traffic to upgrade and improve through well-tested technical intermediation.

### **8.20 Destination Tourism Cluster**

As a practical matter, the BiH destination cluster is the whole country including the Federation of Bosnia and Herzegovina and the Republic of Sprska. International visitors are not aware of political divisions within BiH and should be encouraged to tour across regions. While Sarajevo and to a lesser extent, Mostar, have distinctive geographic profiles, the surrounding countryside does not. The goal of the BiH destination is to make the whole country accessible and welcoming to tourists and to provide a profile to the European tourism industry that it has the necessary infrastructure and is ready and open for business.

### **8.30 Payment Processing and Financial Settlement**

There is an increasing recognition in Europe that most holiday tourism is moving to the Internet for planning, reservations, and payment processing by credit card. While merchant account adoption in BiH has been slow until recently, there is evidence that it is now rapidly penetrating the hotel and restaurant industries and that competitive payment processing fees, advance guarantees with room reservations and other e-tourism advantages are now benefiting BiH tourism businesses.

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Another area of primary importance for improvement is financial settlement of commissions to travel agents and tour operators selling and packaging BiH vacations. Only when there is a critical mass of pioneering hotels, inbound tour operators, attractions, festivals, and revenue activities willing to place commissionable inventory online will the European wholesale market be interested in BiH as a viable destination for holiday travel.

Hosting services now provide solutions to link travel agents and other wholesalers to travel suppliers to provide front-end payments for packaged pricing, deposits, and commissions that help both agent and supplier cash flow and to effectively manage inventory through packaging and opaque discounting in quiet seasons.

#### **8.40 Packaging Options**

The eventual introduction of low-cost airlift to Sarajevo, Mostar and/or Banja Luka will bring value-based air, hotel, auto rental and activity packages to BiH. But before these airlines arrive in BiH, there is significant packaged holiday business that is now being lost to BiH competitor destinations because effective and workable industry-wide relationships have not been developed.

Packaging for BiH has three profiles to consider.

- 1) The first is already in practice in selected areas, with activity components (such as skiing or rafting) partnering with hotels to offer a multi-day adventure to their customers that may be discounted or sold by commission in generating markets. This kind of packaging may be sold as FIT or group but has set times, dates and prices with few options and little flexibility.
- 2) The next kind of package is the same as the first but is assembled dynamically by a travel agent or tour operator to meet a specific requirement, either by travel group, generating market, FIT customer, activity mix, pricing ceiling and other options, that may be assembled for a single sale, as a standard offer, or as a customized standard offer.
- 3) The most exciting development in tour packaging is the FIT dynamic package where airfare, hotel, activity, auto rental, and other components are assembled by the customer or agent online through a BiH portal or through a wholesaler's website, to produce a one-price advance sale trip, with itinerary, vouchers and tickets purchased and conveyed prior to travel. Dynamic packaging is the fastest growing segment of e-tourism because it permits the travel supplier to price their products based on demand without cannibalizing or interfering with full-fare customer revenues.

#### **8.50 Building Wholesale Relationships**

Information technology has changed the tourism industry in radical ways although many of the same players remain on the field but have simply learned to play by new rules. Where inventories are warehoused, how they are dynamically revised by

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availability and price, how they are packaged and promoted have little in common with how business was done even a decade ago. Building wholesale relationships in this new e-tourism environment is critical to the future of the BiH tourism industry.

While personal relationships between suppliers, retailers and wholesalers from generating markets at trade events will always be the backbone of the industry, the facilitation of transactions, the actually nuts and bolts of packaging, fulfillment and financial settlement are changing. It is in this arena where BiH must gain traction, understand the technological evolution and participate in this transformation appropriate to its position in the marketplace.

The emerging player in the marketplace important to BiH suppliers, and, most particularly hotels, is the distributor, with companies such as Visit.com, Tiscover and OneLink focused on the aggregation of destination products for European and worldwide distribution to travel agents and tour operators. In a general sense these companies operate like the former GDS competitors such as Amadeus, Sabre, Wordspan and Galileo. The major differences between these wholesale intermediaries of the past and those of the present and future are:

<b>Past</b>	<b>Present/Future</b>
Proprietary Systems Software	XML Industrywide Open Standard
High Booking Fees	Low Booking Fees
Exclusive Networks	Porous, Open Networks
Text-only Communications	Full Graphics Interface
Simple Product Bookings	Complex Product Bookings
Limited Transactions per Booking	Expanding Transactions per Booking
Limited "Look to Book" Ratio	Increasing "Look to Book" Ratio

According to Accenture, packaged vacation and tour operators have a great incentive to increase their on-line bookings. Shifting even a small percentage of bookings on-line will save them the high commissions usually paid to the travel agents. The tour industry can reap significant economic benefits by gently switching consumers to direct channels without alienating travel agents. In 2002 88% of packaged vacationers booked their trips through a travel agent. The reverse is also true. Travel agents are increasingly become tour operators, working through distributors to assemble product components to offer directly to their retail customers. In today's marketplace, particularly in Europe, the differences between travel agent and tour operator are disappearing, leaving the "switching system" of the distributor in place as the substitute for a GDS for booking directly with suppliers without the necessity of allocating inventory within proprietary systems.

## **9.0 DMSP Design Framework**

A Destination Management System Provider for BiH will be organized as an association providing e-commerce and other services to the BiH tourism industry. It's planning, management, business model, governance, work plan and timeline will be organized in consultation with industry leaders from the private and public sectors, the information technology industry and major donor agencies engaged in BiH tourism development activities. The target is to have the DMSP in demonstration by the World Tourism Market in London in November 2007 and operational by the beginning of 2008.

### **9.10 Management Plan**

The DMSP Management Plan shall consist of an operations overview, partnerships both within and outside BiH, description of services offered, a multi-year business plan, legal, incorporation and governance considerations, a start-up work plan and timeline.

### **9.20 DMSP Technology Partnerships**

There are essentially two kinds of technology partnerships that the DMSP will develop. The first will be with a BiH IT company that will offer hosting services, training and software support to tourism suppliers with a primary initial focus on hotel booking services while also including maintenance of the BiH activity database, a future ticketing service and linkage to European and worldwide distribution service(s).

The second partnership will be with one or more distributors that have relationships with travel agents and tour operators and a business model suitable for BiH reservations and packaging transactions.

The e-Business models and applications may include fee-for-service, a fee-per-transaction, licensing fee, membership fee, commission, or some combination.

### **9.30 Start-up and Launch Pre-requisites**

The data collection, Asset Audit and database development processes are essential prerequisites to conceptualize the BiH holiday offer and its natural divisions by generating demographics, season/dates, geography, price point, group/FIT, and activity segment. Once the sites are selected for the Asset Audit, the survey will be refined to meet these criteria as well as generate sell copy for later use in the database for the portal website and in packaging components for the distribution network.

### **9.40 Organization and Partnerships**

For the DMSP to get off the ground, there must be mutual understandings and agreements among BiH tourism and information technology leadership relating to:

- Strategy, targets of opportunity and priority projects.
- Overall capacity for the introduction of reservations and payment processing systems in selected markets.
- Business model(s) for the most effective market penetration.

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- Organizational model and business plan for sustainable operations of the DMSP.
- Pilot program to prove concept and promulgate system acceptance.
- Roles and responsibilities among partner organizations.
- Outreach and timeline benchmarks.

### **9.50 Potential Problems**

The business culture in general and many SMEs specifically within the tourism industry have been resistant to dealings that advance beyond fact-to-face currency transactions. This has depressed adoption of online reservations, credit card payment processing and other business transactions that are perceived to be not completely secure and final. A secondary problem may exist among those businesses that do not maintain complete business records for the submittal of reports and payments for taxes and data to public agencies and of other privacy and confidentiality issues.

The DMSP must be positioned in the marketplace to become the trusted and reliable banker and facilitator that is competitively neutral inside BiH and a strong advocate for BiH to the rest of Europe and the worldwide travel market. Its affiliations and relationships must reflect a conservative banking posture relating to financial settlement and an aggressive advocate in representing and protecting the interests of its client organizations to its customer base while also encouraging increasing interest and recognition in BiH holiday assets. The DMSP network of affiliations and relationships will be built on its professionalism, its ability to solve problems, its collegial positioning within the European travel industry, its value proposition and the loyalty of a rapidly expanding membership of BiH companies who understand and utilize its services.

### 9.60 Signature and Outreach

For the DMSP to become the default standard in BiH it must be introduced to the industry as the essential path to lowering distribution and financial settlement costs while increasing revenue and occupancies. The strategy should include

- careful planning with deep consultations among both IT and tourism professionals and advisors;
- introduction of the broad concepts to a wide representation of both industries;
- solicitation of early adopters and leaders to participate in the organization of the DMSP;
- introduction of the DMSP brand both inward to the BiH community and outward to the international tourism industry;
- trademarking of DMSP services and benchmarking early successes;
- introduction of DMSP services, targeted for WTM London, November 2007.
- Implementation of outreach within BiH for adoption.
- Implementation of outreach in Europe to increase queries; then look to book ratios, wholesale and retail.

## 10.0 References

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